



“BOLD” summary by TEEB.la (26 pages)

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Bold Technology



Chapter 1: Good-bye, Linear Thinking ... Hello, Exponential

The future belongs to a new breed of nimble and resilient exponential entrepreneurs who will utilize the exponential technologies at the right moment. Exponential technologies refer to any technology that is accelerating on an exponential growth curve, meaning its doubling in power on regular basis.

Exponential entrepreneurs firstly need to find a significant challenge that is meaningful to them but even more so for the world. The power to solve big problems was in the hands of the few powerful industrialists hundred years ago but now the ability to solve big problems has been democratized. Any passionate and committed individual has access to the technology, capital, and minds required to take any challenge. The best way to become a billionaire is to solve a billion-person problem.

Kodak is a great example of how companies who refuse to capitalize on exponential technologies are doomed to perish. Even though Kodak had already access to the digital camera technology from the very beginning they refused to bring it into the market. They were afraid that the digital camera would undercut their existing business. Kodak underestimated the power of exponentials. To understand the hallmarks characteristics of exponentials you can use the framework called the Six D's of Exponentials. Below the Six D's which form a chain reaction of technological progression.

- 1.) Digitalization: A process or product transitions from physical to digital.
- 2.) Deception: A period which exponential growth goes mostly unnoticed due to doubling of initially miniscule results.
- 3.) Disruption: An innovation creates a new market and disrupts the existing one.
- 4.) Demonetization: Removal of money from the equations, for example Skype demonetizing long-distance telephony.
- 5.) Dematerialization: The vanishing of the goods and services. For example, once the smartphone hit the market, the digital camera itself dematerialized.



6.) Democratization: The costs drop so low they become available and affordable just about to everyone.

An interesting fact is that the S&P 500 companies had a lifespan of 67 years in the 1920's. Now their lifespan has dropped to only 15 years. This means that either you disrupt yourself as a company, or you will be disrupted by someone else. Today linear organizations are at dire risk from the six D's, but the exponential entrepreneurs have never had it so good. Today the shift from "I've got a new idea" to "I run a billion-dollar company" is occurring faster than ever. Quirky, Airbnb, and Uber are great examples of entrepreneurs taking advantage of the expanding scale of exponential impact.

Chapter 2: Exponential Technology: The Democratization of the Power to change the world.

The ideal place for entrepreneurs to step in the equation is when a technology makes the transition from the phase of Deceptive to Disruptive. The Gartner Hype Cycle explains beautifully how after the initial peak of inflated expectations there a phase of disillusionment is. After this phase we see a steady progress, but people fail to hype it again and therefore are missing the massively transformative potential. Decreasing prices, increasing performance, and the development of far friendlier user interfaces are making these platforms available to those with a clear vision of where they want to go.

In 60s when the PCs were being discussed nobody believed in them. The very first-time internet was launched in 1975. It was mostly text based, fairly complicated to navigate, and



used primarily by scientists. Only in 1993 when an undergraduate student made the very first web browser and the first user-friendly user interface the mainstream started adopting it. The telltale factor often is the development of a simple and elegant user interface. Another example is the 3D printing which is already been introduced by Charles Hull in the 80s. Over the next 20 years, development was deceptively, incredibly expensive, and embedded with complicated user interfaces. Currently most cars coming out America and Japan include 3D printing parts. Boeing currently prints over 200 parts in 3D. Soon every household will have a 3D printer in house. But 3d printing is going to stretch far further than just consumer goods, transportation and medical devices. Every aspect of the 10 trillion manufacturing sector has the potential to transform. Lastly, imagine being able to colonize a distant planet by bringing nothing but a 3-D printer and some equipment!

Chapter 3: Five to change the world

The following five technologies are ripe for entrepreneurial exploitation: networks and sensors, infinite computing, artificial intelligence, robotics and synthetic biology.

1.) *Networks and Sensors*. Ten years ago, there were 500 million devices hooked up to the internet. Today the number is up to 12 billion. The number of sensors in the world is expected to grow into trillions by 2023. All this collected data by the IoT is extremely valuable and will be used to automate a series of next actions. Examples are just-in-time delivery and resource consumption optimization.

2.) *Infinite Computing*. By 2020 a chip with today's processing power will cost about a penny. Every year we produce more computing power than the sum of all previous years. Computing democratizes error-making, thus democratizing experimentation. No longer do we have to immediately dismiss outlandish ideas for the waste of time and resources, instead we can try them all..



3.) *Artificial Intelligence*. Kurzweil has predicted that that by 2029 AI will do everything better than humans. This is yet another technology that is transitioning from deceptive to disruption and will soon become a part of our daily life. IBM's technology called Watson is already in the Cloud and tied to an openly available API.

4.) *Robotics*. Today in camel racing, robot jockeys are the norm. Robotic is the fastest growing industry, it's to become the largest in the next decade. Over the next decade, robots will also move into health care, replacing doctors for routine surgeries and supplementing nurses for eldercare.

5.) *Genetics and Synthetic Biology*. Today we manipulate DNA with computers, using programs that function much like word processors. We have already used DNA of jellyfish to create glow in the dark cats. New fuels, new foods, new medicines, new construction materials, new clothing fibers, new organisms, all are in their future. Biotechnology is currently accelerating at 5x the speed of Moore's Law. Companies are working hard to deskill the technology. Their goal is to make programming with biological parts as intuitive as Facebook.

There is of course also potential to be found in the intersection of multiple of these fields. For example, the human longevity Inc, HLI, is planning to make the 100-year-old people be the new 60. It's mixing robotics, AI and machine learning, cloud computing, networks, synthetic biology to reach its goal. 20 years ago, the idea that a computer algorithm could help companies dematerialize 20th century business would have seemed delusional. Just Uber, Airbnb and Quirky have just done that. Today exponential entrepreneurs have at their disposal more than enough power, as Steve Jobs famously said, to put a dent in the universe.



Bold Mindset

Chapter 4: Climbing mount Bold

In 1943 the US department of Defense set out a critical mission with an impossibly tight deadline. They wanted, by all means, to avoid being tangled up in the regular drag of bureaucracy. Therefore they recruited a small posse of brightest engineers and mechanics and gave them total freedom. This was dubbed the Skunkworks and they were amazingly able to deliver 7 days prior to the deadline.

Steve Jobs also famously created a separate department within Apple. He said it's better to be a pirate than join the Navy. Isolation stimulates risk taking, encourages wild ideas, and gives permission to act as a counter force to existing forces. Big goals help focus attention and they drive persistence. Remember that the day before something is truly a breakthrough, it's a crazy idea. Trying out crazy ideas means not giving a f*** about experts' opinions and not being afraid to take big risks. It means not be afraid to fail, cos you will fail. Failure is not a badge of shame, it's a rite of passage. There is a good reason why the famous Silicon Valley saying is: *"fail early, fail often, fill forward"*. This experimental approach is called rapid iteration and required experimentation by trying tons of ideas, decreasing the time between intervals and increasing the knowledge gained from the results. The goal is to produce results directly in line with consumer expectations within weeks and not years. LinkedIn founder, Reid Hoffman, once said that if you're not embarrassed by the first version of your product, you have launched too late.

Science shows us that the secret to high performance isn't our biological drive, our reward and punishment drive, but our third drive - our deep seated desire to direct our own lives, to



extend and expand our abilities, and to fill our life with purpose. Motivation therefore is not extrinsic but intrinsic. There are three intrinsic rewards – autonomy, mastery, and purpose. By combining the rules for isolation and rapid iteration together with the value-aligned big goals you have the recipe for intrinsic motivation.

Google has made many headlines with their moonshot projects. They live in the grey area between audacious projects and pure science fiction. Instead of aiming for the usual mere 10% gains, they aim for 10x improvements (1000%). Going for 10x improvements is not 10x times harder, it often actually is literally easier to go bigger. You don't have to deal with competition and you are forced to leave behind the assumptions that others base their work on. If you shoot for 10x, you might end up with 2x in the end and that is still amazing. Although Google is well known for their wild goals, they never start any projects if it cannot be measured and tested. It's critical for them to have ways to judge the progress they are making. People think that the reason why bold projects are not funded is because of the audacity, but actually it's because of the lack of measurability. Google has 8 innovation principles that govern their strategy. They are: 1.) Focus on the user, 2.) Share Everything, 3.) Look for ideas Everywhere, 4.) Think big but start small, 5.) Never fail to fail, 6.) Spark with imagination, fuel with data, 7.) Be a platform, 8.) Have a mission that matters.

Flow is defined as the optimal state of consciousness when we feel at our best and we perform at our best. Flow occurs in environments which are a combination of novelty, unpredictability and complexity. If you are taking risk out of the equation, then you are denying access to flow. It's important to have clear goals to start with because they make sure our mind doesn't wander. The clarity is more important than the goal itself. Clarity gives us certainty. It helps to break your task into bite-size chunks and set goals accordingly. To stay in the now it's also important to have immediate feedback. To trigger focus you must find the balance between a very difficult task that is at the edge of your ability to complete it. All these triggers can be amplified when we are in an uncertain environment thus forcing us to pay even more attention. There is also a collective version of flow state known as group flow. Creativity drives your brain even deeper in the flow state. In essence creativity is nothing more than pattern recognition and risk taking. You can use flow and creativity for



moonshot thinking. Instead of tackling problems from familiar angles, go at them backward and sideways. To get in the flow you need to think differently and to get into moonshot thinking you need to really be bothered by something that is currently physically impossible.

Chapter 5: The secrets of going big

In order to make his crazy science fiction idea to mine asteroids possible, Peter had to advocate his dream above the line of “super-credibility”. When an idea is born above this line, the idea is so convincing that your mind accepts it as a fact and your focus shifts from probability to implications. Because the proposed idea to do something as bold as asteroid mining, just being credible is not enough. To further your idea towards super-credibility you can take the following three steps.

1.) Familiarity matters. The first step is tapping into your familiar network. These people have seen you succeed in the past or helped you in the past to succeed, so they’re willing to back you up. If you don’t have a track record yet, build one by doing smaller projects and let others see how you pull it off.

2.) Slow down and build credibility. Peter organized conferences to study the feasibility and build credibility. Little by little organizations joined the discussion, after which in the end also NASA joined. A lot of times entrepreneurs skip this step because they have a little bit of traction. Real traction means more than little confidence, it requires a lot of trust. Investors love ideas but they only fund execution.

3.) Messaging matters. Think hard who will actually be the best spokes person or group for your cause. Ideally you attach high profile figures who are willing to be on the forefront. This will help you to launch above the line of super credibility. Peter for example, asked his



advisers to do the talking for him at the conferences, instead of taking the lead himself.

It's of critical importance to break down your bold ideas in different stages. Each stage becomes a bitesize executable sub goal. This has the dual advantage that you firstly can oversee the risk-reward ratio, and secondly its psychologically beneficial to have small wins which will motivate you further towards your big goal.

The story of stone soup from an old folktale is a very usefull parable for entrepreneurs. It's a story about starving soldiers who enter a village. Every knock on the door of villagers ends with them being rejected to have something to eat. The soldier devises a plan and knocks on the doors to ask villagers for a pot and some firewood because he plans to make a stone soup. Surprised and intrigued villagers surround the soldiers while they start boiling water with stones in them. They ask if they can help the soldiers with this miracle of a soup. The soldiers gladly accept their help and tell them that a few potatoes would make the soup even better. As time passes villagers keep adding their ingredients to make the soup even better. In the end soldiers have something to eat and villagers have gladly contributed to make something happen together. Entrepreneurs follow the same strategy when it comes to bringing bold ideas into fruition. The stones are their bold ideas, the villagers are the contributors (capital, resources, partners). As is evident in the story, the main ingredient of the stone soup is passion. People love to contribute to passion. Passion can also be blinding, because it can make entrepreneurs reject critical input that does not match their preconceived views. Passion of an explorer is the right kind of passion because they can see the domain but not the path. The fact that the path is not clearly defined is what excites them and motivate them. They constantly are balancing the need to move forward with the need to reflect on their experiences.

It's important to write down your own losses and your wins. The wins are based on your own life strategies that have consistently worked in the past. You need to trust your history a plot for the future so you can turn those lessons into strategies. If you don't harness yourself then fear will settle in and decision making will become a hell. Peter has collected 28 lessons of which some of are his and others are borrowed. Here are four lessons.



Law number 1: To hell with Murphy's Law, if anything can go wrong, fix it. Peter explains the bold idea to have Steven Hawking make a parabolic flight. Even though he was met with many objections and possible health risks analysis for prof. Hawking, he found ways to solve them one by one.

Law number 2: When given a choice take both. Peter explains that he started three companies simultaneously, while in graduate school. If properly managed, by combining multiple ventures you can create tremendous momentum. Ideas can cross pollinate, net worth will expand, the whole will become much bigger than the sum of its parts.

Law number 10: Create challenges for yourself. We are hardwired for challenges and it pushes us into a flow state. This means going out of your comfort zone and pushing the limits of your skills.

Law number 11: No simply menas begin one level higher. When someone says no, its often because they are not empowered to say yes. In many organizations, the only person who can say yes is the one atop of the food chain.

Law number 17: The best way to predict the future is to create it yourself. The future is not preordained. It unfolds as a result of action-the choice you make and the risks you take.

Law number 18: The ratio of something to nothing is Infinite. The best predictor of future success is past action. It doesn't matter how small those actions are. The difference between doing something, doing anything, and just talking about it is infinite. If you act, results always will follow.

Law number 21: An expert is someone who can tell you exactly how something can't be done. Watch out for the moment you get into the expert state of mind because then a great number of things become impossible.



Chapter 6: Billionaire wisdom: Thinking at scale

The ability to think clearly is a crucial skill of an exponential entrepreneurship. There are eight psychological tools that will be of aid: 1.) risk taking and risk mitigation, 2.) rapid iteration and ceaseless experimentation, 3.) passion and purpose, 4.) long-term thinking, 5.) customer centric thinking, 6.) probabilistic thinking, 7.) rationally optimistic thinking, 8.) reliance on first principles. Let's look into the way these four major exponential entrepreneurs think: Elon Musk, Richard Branson, Jeff Bezos and Larry Page.

Elon Musk did not go into the car business or space business thinking it's a great opportunity. He just thought that in order to make a difference something needed to be done. He wanted to have an impact and create something substantially better. After your initial enthusiasm and optimism reality will always set in. Here you will learn that a lot of your assumptions are false, and the finish line is much further away. For this reason, it's important to get a lot of feedback from friends or others so you can recognize your faults as soon as possible. Musk always uses first principle thinking to remove complexity and popular opinion. It forces you to boil things down to the most fundamental truths. According to Musk the future's not certain, it's a set of branching probability streams. Instead of thinking deterministically it's better to think in probabilities because it guards you against oversimplification. Must decide which projects he wants to engage in by multiplying the probability with the importance of the project. This explains why he takes on huge and risky businesses. Because they matter to him and the world.

To others business is serious endeavour but to Sir Richard Branson it was having fun that mattered more. His first principle is that if something is fun for him, then it will also be fun for everyone else. Virgin Atlantic started with one airplane and had on paper no chance to survive. Because they were customer-centric people went out of their way to fly with them. Branson is also very quick to rapidly iterate his ideas and shutdown failures. He has started 500 companies and has shut down more than 200 that didn't work. He's always busy



protecting the downside. It's good to make bold moves but make sure to have a way out if things go wrong. Where Musk says that enormous risk is justifiable if the idea is important enough, Branson has to look deeper into the downside because he always has his brand on the line.

Jeff Bezos has two critical strategies: long-term thinking and customer-centric thinking. He points out that people never ask him what is not going to change in the next 10 years. Answer to this, is where you can afford to put a lot of energy since it's a long-term game. To have a long-term customer-centricism you have to do a lot of experiments. It's hard to compete in a field that is hot at the moment because everybody is already on top of it. Maybe it's better to position yourself and wait till the wave comes to you. Position yourself with something that captures your curiosity, something that you're missing you about. When acquiring a company, he always tries to figure out if the person who leads is a missionary or a mercenary. Missionary's goal is to grow the company they love whereas a mercenary's goal is to flip the company.

Larry Page's favorite questions are "Why not" and "Why not bigger". He believes that you should have a healthy disregard for the impossible. Since no one else is willing to try those things, you don't actually have competition. You also get the best people because the best people want to work on the most ambitious things. He uses rational optimism to imagine the impossible. This is a sober view of the many exponential improvements our world is experiencing at the moment and the fact that like never before we are empowered to solve grand challenges. He's tremendously optimistic and when he takes a challenge he truly believes he can solve it. When focusing on the long-term projects he decides by using the toothbrush test. This test is simply the question whether you would use the product/service as often as you use your toothbrush? He says that the more ambitious things he is doing, his failure rates are contrary to the expectations not increasing. Because even if you fail at doing something amazing, you usually succeed in doing something important.



The Bold Crowd

Chapter 7: Crowdsourcing: Marketplace of the rising billion

All of the previously discussed exponential technologies are starting to become easily accessible to the masses. Over the next decade the online crowd will grow from 2 billion to 5 billion people. This means we have 3 billion new minds joining the global conversation. This makes it the ideal setting for crowdsourcing and crowdfunding. An example is the platform called *Second Life* where the actual development of the game is outsourced to the crowd. Platforms such as *Freelancer.com* brings the small business entrepreneurs in the developed world together with the overflow of labor forces in developed countries. Now you can be one guy sitting in your room with a few thousand dollars with a business card, and you can build a million-dollar company. *Tongal* just like *Freelancer* was born out of frustration. The founder wanted to film *The Da Vinci Code* but found Hollywood to be too complex and expensive. He decided to set up a platform where smaller creatives could deliver video content to major brands. Now, all you need is \$50k to \$60k instead of millions to spend on video content. There are also examples how crowdsourcing can have a dual purpose. For example, *Recaptcha* helps to distinguish bots from humans while simultaneously helping to digitize books. Another double use idea example is *Duolingo*. They realize they could teach people



new languages while the same time these people would actually be translating the web.

The most important question to answer when approaching crowdsourcing is whether the work can be broken down into smaller simpler units. *Mturk* and *Fiverr* are great platforms for any micro task. If you have a simple task that is very time consuming than these two are ideal platforms. You can divide the crowdsourcing into two categories: Creative and operational assets. Creative assets are design-based assets such as *Tonal* and *99designs*. Operational assets, are those things required to run a business effectively. With *Topcoder* can have 600000 developers, designers and data scientists hacking away to create solutions for you. You can use crowdsourcing also to test or discover insights. *Utest* provides a massive community of professional testers who run functional, usability, localization, load and security tests on your code. You can also ask the crowd for the interpretation of particular problem or a question. Examples are *Genius*, *Kaggle*, *Quirky* and *Threadless*.

Crowdsourcing best practices are: 1.) Do your research about the platform and the crowd and then pick one. 2.) Just get busy and post a project see what happens. A lot of these platform have a free sign up. 3.) If you're not sure which platform to use, just reach out to experts and for moderators who will help you through the process. 4.) Don't expect the crowd to understand your philosophy, you have to be specific and provide a clear context. 5.) Share your data sets only when they are prepared and clean to be used. 6.) Qualify the workforce by first putting out a simple a request to see how quickly and accurately the job gets done. 7.) Be as clear simple and specific as possible, ambiguity doesn't work well in crowdsourcing. 8.) Communicate clearly in detail and very often. 9.) But at the same time don't micro manage, let the crowd come up with wild ideas that might be complimenting to your brand. 10.) Crowdsourcing is cheap, but understand that for better quality there is also a bit higher price. 11.) Be prepared for the flood of incoming ideas. 12.) Be open to new working methodologies.

Today the exponential world is starting to overtake the crowd. AI companies, such as *Vicarious*, is are being backed by Elon Musk, Jeff Bezos, Mark Zuckerberg and Peter Thiel. Even the crowd can eventually be dematerialized and demonetized. But one use of the crowd



that AI is unlikely to disrupt in the near future is the ability of people from around the world to send you cans to underwrite your ideas.

Chapter 8: Crowdfunding: No bucks, no buck Rogers

50% of startups fail due to lack of capital within the first 5 years of operation. A lot of professional investors are too narrowly focused and short-sighted for real bold adventures. Crowdfunding makes it possible to reach millions of like-minded people who believe and want to invest in your project. There are four main types of crowdfunding: Donation, Debt, Equity and Reward. Donation is a digital version of traditional charity, an example is *Donorschoose*. Debt is peer to peer lending where the entrepreneur ask for a loan and has to pay the loan back with interest. Examples are *Kiva* and *Lending Club*. Equity means entrepreneurs can sell equity in return for cash. Examples are *Crowdfunder*, *Startup Crowdfunding*, *Angel List*. Reward crowdfunding is based on sending money to support the project that inspires people and in return they receive a reward. Examples include *Indiegogo*, *Kickstarter*, *RocketHub*. Examples in this book are mainly about reward crowdsourcing.

Pebble watch set out to use Kickstarter to raise \$200,000 but by the end of the campaign they have passed 10 mil. For asteroid mining the writer, Peter, wanted to build a space telescope. They decided on offering space selfie as a reward for this project and the minimum price was \$25. After a month they had \$1.5M from 17.000 backers. There are five key characteristics of companies that could use crowdfunding. 1.) The product is in late prototype face. 2.) You have a capable team. 3.) The product is community focused and consumer based. 4.) Your team has access to a large community of followers or has access to significant media resources to attract attention. 5.) Products aim to solve a problem or



improve an existing product and tell a new story.

There are seven reasons to consider crowdfunding. 1.) You have market validation and real demand measurement. 2.) Raise significant investment capital and as result get a higher valuation in the venture round. 3.) The enormous value in building and having access to a community of paying customers. 4.) Getting a cheap cost-per-customer acquisition. 5.) You are passionate about your product and want to bring it quickly under the attention. 6.) You will have a public relation benefit due to the attention. 7.) Becoming cash-positive.

There are 12 key steps that are needed for a successful execution of crowdfundng campaign.

1.) Choose something that the crowd is passionate about seeing to come into existence. Review the sites like *Indiegogo*, *Kickstarter* and *RocketHub* to get a glimpse of the diversity. You want to pick out an idea that is far enough developed so that people believe that you can pull it off.

2.) Crowdfunding is not where your make a profit on your project. It's were you offset some of your expenses. Objective is to figure out the absolute minimum with which you can move forward. In a fixed funding campaign, if you set your goal too high and raise millions of Dollars but do not reach your goal you don't keep a penny. You can add something called a stretch goal which comes into play after you meet your original funding goal. This will motivate the crowds to keep going.

3.) Typical campaigns last for 30 to 120 Days. Make sure to excite the media by tying your launch to major announcement. Launch when you're really ready and don't create false deadlines for yourself.

4.) Decide on what the backers are getting for their contribution. The reward level can range from \$1 to \$10,000. If you are going to raise more than \$250,000 then you need a compelling \$10,000 reward. It's best to have low priced, all digital rewards because it brings people to your community and no cost for you. Get people to sign up so you could sell them later. You



can create the illusion of scarcity and a sense of urgency by making the rewards in limited number. You can always add new reward levels to your campaign along the way. And if you met your goal, you can always make available new rewards for your stretch goal available.

5.) Setting up these campaign are very labor intensive and requires a great team to plan and execute. You need the following people: a celebrity, a campaign manager and strategist, an expert, a graphic design lead, a technology manager, a PR manager, a super connector (influential individuals).

6.) Preparation is everything when it comes to crowdfunding. The campaign manager should keep a master calendar of all events and team members should have full access. You will need to prepare the following materials: a prototype, renders or a campaign video, a crowdfunding platform web page, a company or product web page, a pre-written in emails and announcements, physical promotion materials and handouts, your logo and content designs, infographics and extra incentives and perks such as t-shirts or posters. The preparation for the *Planetary Resources* campaign cost us four months.

7.) The best crowdfunding campaigns draw in people with a powerful and compelling narrative. Every element of a crowdfunding campaign must appeal to the masses therefore you need to tell a great story. Here are some tips to tell a meaningful stories: Make your story cohesive a short and don't have too many facts, figures and spokespeople. Make sure to be filling a need or a desire, but appeal to the emotional side. Most people want to hear how your product/service/idea will improve their life and are not interested in explanations or specifications. Craft your story to target your ideal audience, use words and phrases associated with reciprocity and authority.

8.) Fixed funding campaigns with a video raise 239% more money than those without. Here are some tips for a great video; the best crowdfunding campaign video targets 1 to 3 markets with clear use cases, the best videos features one main character narrating the story and explaining the product, the easiest way to convert the value of your idea is to show people using it, keep it short because videos under 5 minutes perform 25% better, get feedback



before you publish your video in your campaign site.

9.) Make it priority to actively built and support your community in the months before the launch. Your community consists of affiliates, advocates, an activist. Affiliates are individuals, companies, or community organizers who you partner with to release the product or service. Your ideal affiliates share your vision and your customer base. The best incentive for affiliates is to set up program that are self-promotional to them. Advocates are the fans and supporter of your cause. It's important to build up your mailing list and social following in the months before the launch. Make sure you understand who is going to be interested in your offering and why. Find the online Hangouts and reach out to them with an invitation to your website where they can log in. Activists or those active supporters who want to do substantial and significant work for the campaign. Find your most enthusiastic fans and put them to work because they love helping you and their contribution can be invaluable.

10.) It's important to launch above the line of super-credibility because people instantly accept your project as real and believe in their hearts that is going to work. Credibility comes from the quality of your video, who is in your video, endorsements on your crowdfunding websites, who is at your press conference during the launch-day. Built up enough momentum that when you launch you will exponentially raise money which will already established early credibility. One way is to create meaningful hype by teasing your community week before the launch. It's you who is responsible for the traffic to your campaign page and not the campaign platforms itself. Make use of media, blogger, and journalists.

11.) Projects with regular updates raise 218% more money. Backers care about the money they put in and want status updates and if they are unsatisfied they can back out. If you keep engaging them they will invite their friends to the party. By keeping them enthusiastic you can even upsell them, so they put more money in for a better perk package. A smart way of engaging your community is by designing a contest that is fun and rewarding. You can promote also deeper engagement by setting up live Q&A events.

12.) During the process of crowdfunding smaller and larger patterns start to emerge,



therefore it's important to analyze the data. Be aware of development trends so you can accurately assess if your market timing is correct. Also understand that people follow schedules so align your launch timing with your target groups behavior. You can also trend surf by riding the wave of a trending keyword just as it's becoming viral. Don't forget that crowdfunding is a global affair, so you're not only targeting just English-speaking world. As you collect data try to understand two things: What do people want? How much are they willing to pay for it? Get extra direct data by using surveys but remember to segment your audience, ask only one question, and expect exaggerations.

Final advice. Crowdfunding is a great way to put an idea in front of potential customers and get honest feedback and when you fail you get the chance to improve and iterate in your next try. It's crucial to build a quality mockup because in the end it's all about trust. It's important to understand your backers and target them through platforms like Facebook YouTube and LinkedIn.

Chapter 9: Building Communities

The cognitive surplus is the trillion hours of free time the population of the planet wants to spend doing things they care about. Therefore, it's the ideal time for communities where people unite around a massively transformative purpose (MTP) or around a particular exponential technology they are passionate about. The driving force behind all these novel collaborative structures is reputation economics (Joshua Klein). Due to social media and blogs people have insight into others and therefore everyone works on their reputation. Second reason why collaborations work well now is because we have context relevant information about someone and therefore we can decide to have non-financial exchange that is beneficial for both. Due to the law of niche it doesn't matter how odd your passion is, thanks to the liberation of internet you have access to the group that shares the same passion. A good



example of a community is *Galaxy Zoo* who incited the help of dedicated amateur astronomers to classify galaxies. They were completely surprised having hit upon an unmet need. Namely that people actually wanted to contribute and as a result 50.000 participants have classified 50 million galaxies. Another example is *Local Motors* who became the world's first open source auto-manufacturing company to reach production. A very successful exponential community is Top Coder who has turned coding into a massive multiplayer game with leaderboards. Here people get evolved not just because of the money or because they can get a job as a result, but because it's social. They come to this place to get together with like-minded people. It's important to remember that people join community because it reinforces their sense of identity, but they stay for the conversation.

If you want to build a community then it should be based on your unconditional love or passion for the subject and you must think about what exciting new twist you're bringing to the table? Your main goal will be to drive high level of interactivity. There are 9 stages of building a community.

1.) Identity- what is your MTP? Start by finding your people. Who is your tribe? Passion is the differentiator! Throw up a flag and be very clear what you stand for. Law of niches only works if you very clearly identify and authentically support that niche.

2.) Designing your community portal. You need to start by starting and don't spend years on designing the right portal. Work on your navigation and make it easy for people to move around. Use a simple registration and tell exactly what people get in return. People join communities for the following reasons: a sense of belonging, a support network, greater influence, and a way to explore new ideas or fulfill their curiosity. Be sure to highlight popular content and be sure to celebrate the contributors. Think also about scalability and structure by breaking down the people into smaller groups.

3.) Community-Building Resources..(missing in my paper back edition of Feb. 2016)

4.) Early days of building your community. The bigger a community gets the less people



participate. This creates wastage and makes it impossible for the community manager to identify and work with the top members. Stay small and extract maximum value from a few, rather than a little from many. Preferably be the first mover since everyone will initially flock to you. But if you're not first mover, then your MTP must be significantly different and more visionary. Get the ball rolling by personally hand picking your first 10 to 15 members. These early adopters will become your most ardent supporters. Create a newcomer ritual and tie it to a specific membership milestone. Give your members the feeling that they belong but also make them earn it. Pay attention to what your members have to say and be prepared to change direction when necessary.

5.) Creating community content. In the beginning the founders are content production machines and will have to take care of the community constantly over the very first 6 months. There are multiple ways how typical community spread out content. You can preview upcoming events or make predictions about the coming year. Find a way to write news in a new way. Be sure to do also member news sections where you celebrate members achievements. You can also interview a member of the month or your oldest member to build engagement. Don't be afraid to ask for advice from your members. You can always solicit the help of guest bloggers or experts by offering them the option to write for your community.

6.) Engagement and engagement strategies. Look beyond low friction engagement, such as a Facebook likes, and rather focus on deep engagement which requires you to build real bridges between members. People join communities for the ideas, but they stay for the emotions. You can use the following 5 engagement strategies:

1. Set up a reputation building climate. Use leader boards or game like features. Highlight members contributions to offer members the option to build a reputation.
2. Organize meetups. The best way to generate real emotions is to get people together, either physically or virtually.
3. Challenge them. Set up a price, set up group projects, or a debate to foster cohesion. Add rules that require collaboration such as minimum views.
4. Work on your Visuals. People expect a certain degree of eye candy online. Create how-to



videos, share slide-shares, show user generated photos.

5. Be a connector. Best way to engage members and create value is to introduce like-minded members to each other.

7.) Managing your community. Sometimes you need to be benign dictator and must reserve the right to make the final decisions because not everything can be decided effectively by community. But don't Be Big Brother all the time. Sometimes it's OK to let other people fight little bit, go off topic, trolls need to be smackdown by power users, side chats need to be left alone. Don't try too hard to market your things to your community because you are there to support them and not to sell them. Don't feel really focus on new members. Retaining the members, you have, making certain they are happily engaged is far more important. Find a friendly power user and put that person in charge of reaching your members. Delegate as much as possible with authority. Let hem handle contests and research projects.

8.) Driving growth. One of the most powerful ways to grow our tribe is to connect people to each other. You need a mission, movement, and place the people want to go to. There are 7 effective strategies for expansion. 1.) Stimulate evangelism by getting your member to talk about your efforts to their network. 2.) Partner up with neighbouring organizations. 3.) Add a layer of competition by for example utilizing leaderboards or incentive prizes. 4.) Find an enemy and take a stand 5.) Spark a buzz through edgy demonstrations. 6.) Host events to bring people together. 7.) Work on engine optimization tactics.

9.) Monetization. There are several rules worth remember when you want to start to monteize your community. 1.) Be transparent and authentic; don't hide the fact if you plan to make money. 2.) The easiest way to make money without alienating members is making those members make money too. 3.) Don't try to sell too fast but only when you know what people really want and after you have established a reputation. 4.) If you are planning to sell ads, make sure you advertise what the community really wants. If you want to sell premium memberships then make sure those privileges really matter to the group.



Chapter 10: Incentive Competitions: getting the best & brightest to help solve your challenges

By setting a clear, measurable, objective goal and offering a large prize to the first person to achieve it you will combine all the advantages of the previous chapters: use of exponential technologies, thinking at scale, crowdsourcing geniuses, providing opportunities for crowdfunding, stimulation of DIY community. Even Napoleon used this technique and offered 12000 franc price for a method of food preservation to help feed his army during their slow march into Russia. The result of this competition is what's the basic method of canning we are still using today.

A large incentive price raises the visibility of a particular challenge, attracts innovators and non-traditional thinkers. Competitions also help foster the belief that the giving challenge is in fact solvable. By creating a race with a large cash purse, it attracts new forms of money. Rather than backing a team for investment opportunities, they sponsor support a team for publicity. Another factor of success is that anybody can partake therefore outliers can become the central players. Because of the competitive framework, everyone's appetite for risk increases, which drive further innovation. The reason why prizes work is that it has been shown that small teams outperform larger organizations when it comes to innovation. By giving someone one-tenth of the budget and forcing them to think 10 times bigger, you only get people who are true daring entrepreneurs. Only option then becomes throwing out all past experiences start and start with a clean sheet which drives serious innovation. Having a clear, bold target (MTP) is very important because it galvanizes passion, attracts the best talent and inspires them to give their best shot.

Case study 1. In 2010 an oil platform exploded, and more than 200 million gallons of oil spilled into the sea. The problem was that the equipment being used was decades-old. Shortly after XPRIZE announced the oil cleanup challenge and 350 teams very quickly



registered. The results were amazing. 17 teams were able to double the previous best results. One of the teams had a 400% improvement over the industry all-time best. When you're looking for a needle in the haystack, incentive competitions help the needle come to you.

Case study 2. Netflix put up a million dollars for anyone who could write an algorithm that improved the existing recommendation engine by 10%. 20000 teams from 50 different countries got involved. Every teams primary goal is obviously to win, but a close second is that they want to see the objective being achieved therefore teams are much more willing to share knowledge and cooperate.

Case study 3. Peter set up a platform called HeroX, that brings a community of prize developers together with entrepreneurs willing to solve problems. The platform also utilizes crowdfunding to supplement the purse, judge and award the prize.

There are 12 benefits of using an incentive competition.

- 1.) It attracts new capital to innovators solving the problem outside of governments and big corporations.
- 2.) Prizes are efficient because you generate an enormous amount of innovation and you only pay the winner.
- 3.) You attract new players such as outsiders, mavericks and other innovators from the global talent pool.
- 4.) You increase the public awareness of problem you're passionate about.
- 5.) You overcome existing societal, legal, policy constraints. Prizes don't care how old you are and where you work; they measure only the quality of your idea and the execution.



- 6.) They help to change the paradigm what people believe is possible.
- 7.) The story does not end with awarding the purse, but it rather is the beginning of a new industry that will have lasting benefit and impact.
- 8.) Innovators and investors typically are willing to invest more than the amount of the purse because they are optimistic they will win but also because they know there is a business model afterwards.
- 9.) It can create significant market demand , establishing markets and attracting investment capital.
- 10.) It attracts new expertise and cross disciplinary solutions. A powerful incentive price can also drive governmental change.
- 12.) It provides inspiration, hope, and intelligent risk taking in a fields that previously seemed to be stuck in no progress.

Incentive prizes make sense only if you have a clear understanding of your target, but you do not know the method to get there yet. There must be a large enough crowd of innovators who can be excited about your challenge. Your challenge must be solvable by a small team because in large teams management becomes a challenges on their own. You must also be flexible on your timeline, type of solution, who might win, and who will own the IP at the end. The top three reasons teams would want to compete in your competition are: they want to showcase their talent and receive recognition, they are motivated by the money, they are frustrated by the problem and want to focus their energy in solving it.

When you design your own incentive competition there are 15 parameters to consider.

- 1.) Define simple, measurable, and objective rules. This makes the finish line obvious to everyone.



- 2.) Define a problem to be solved, and not the solution to be implemented.
- 3.) Choose the right structure of the competition. Is the winner the first team to achieve the goal? Is there a specific date that teams compete head to head? Is there a deadline?
- 4.) Address where a market failure is preventing a solutions. Is it the institutional and public misconception of the solvability? Is it the stigma that prevents people from trying. Are there players or unions preventing fair competition? Is capital not flowing towards this important goal at the moment? What are the regulatory structures preventing innovation in this field?
- 5.) Find the proper balance of audacity and achievability. If it's not audacious enough it won't be inspirational. If it's too audacious people won't believe in its solvability.
- 6) The purse needs to take the following in account: the incentive needed to encourage action, the value of the back-end market (will they be able to recoup their investment after winning), the minimum amount needed to attempt the feat, the perceived importance of the problem, the sponsors desires for branding.
- 7.) Best design challenges have a competition structure that produces ongoing media attention and keeps the conversation alive from start to finish.
- 8.) Competitions need to have a visually compelling finish that will drive media attention.
- 9.) You can use multiple purses and bonuses to keep the teams engaged even after a strong front runner or a first-place winner.
- 10.) Launch above the line of super credibility insuring that the competition is taken seriously from the start.
- 11.) Keep the competition open or global outreach and the broadest range of qualified teams.



12.) Set attainable price timelines and deadlines. Smaller challenges can be awarded in six month to a year and larger ones can be won between three and eight years.

13.) Decide on the ownership of the IP and media. There are four variants such as: the winner retains the IP, IP is put in to open domain, IP is owned by the sponsor, IP is licensed or shared by the sponsor.

14.) Ideally there is a back-end business opportunity for teams to exploit once the prize is won. You want to capitalize on the publicity and the market acceptance.

15.) Write the final set of rules to avoid a false win. False win is when the objective is met, but due to lack of guidelines the solution is a bypassing of the actual problem.

Below a short guide how to setup your own incentive competition in 7 steps.

1.) Identify the key issue. Which problem keeps you up at night? Determine which part of the problem are best to focus on solving.

2.) Define the key attributes of success. What's the finish line look like? What are you measuring? How will the public receive the objectives you set?

3.) Think about detail such as name of competition, the prize, the duration and who will own the IP. Remember that the prize will have to cover the baseline costs an innovation team might spend working on it.

4.) Polish your prize design and ask these questions : Will my rules prevent cheating or false wins?, Are the key indicators sufficiently objective and measurable enough to pick a winner? How much will it cost to run the competition? Can a child explain the competition to a parents? Is the competition telegenic? Will it solve the pre-existing market failures and birth a new industry?



5.) Launch with super-credibility and get the media plus the social networks buzzing. Think about where actually your desired teams/players can be found and target them.

6.) Operating an incentive challenge can cost a lot of money and is often equal to the purse itself. You need someone running the competition, a team manager, someone dealing with the legal world, a watchdog making sure the playing fields remain level, someone handling the PR and other staff members.

7.) The final phase involves determining the winner and awarding the purse. The goal is to maximize the promotion of the winning moment and convey to the large public that a seemingly impossible challenge has just been solved. The goal is to effect deep change.

Closing thoughts

The upcoming game-changing technologies will be in the hands of everyone. To create a better world is going to require the largest co-operative effort in history. Each one of us are now recipients of great power. There is the risk that wealth and power could be concentrated in the hands of the few but in a world of trillion sensors, drones and satellite someone will always be watching. This might be the beginning of an entirely new breed of moral global leadership. Each novel discovery has a multitude of universes hidden inside something as simple as an idea. It's up to the bold to unlock these possibilities and help humanity live up to its full potential.